

Message Text

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ACTION EA-09

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E.O. 11652: N/A

TAGS: PINT, JA

SUBJECT: PRIMIN'S ADMINISTRATIVE POLICY SPEECH

SJMMARY. IN ADMINISTRATIVE POLICY SPEECH SEPTEMBER 16, MIKI OUTLINED ECONOMIC POLICY, DISCUSSED OIL PROBLEM, RECONFIRMED IMPORTANCE OF MAINTAINING BALANCE ON KOREAN PENINSULA, EMPHASIZED IMPORTANCE OF US-JAPAN RELATIONS TO STABILITY IN THE PACIFIC, EXPRESSED DESIRE TO CONCLUDE TREATY WITH CHINA QUICKLY, SAID HE WISHED TO SETTLE NORTHERN TERRITORIES PROBLEM AND EXPLAINED GOJ POSITION ON KUALA LUMPUR INCIDENT. END SUMMARY.

1. IN HIS ADMINISTRATIVE POLICY SPEECH SEPTEMBER 16, PRIMIN MIKI, AFTER

OUTLINING THE CONDITIONS IN WHICH ECONOMIC POLICY MUST BE CONDUCTED AND POINTING WITH PRIDE TO SUCCESSFUL GOJ EFFORTS TO CONTROL INFLATION, NOTED THAT THERE WOULD BE A SHORTFALL IN EXCESS OF THREE TRILLION YEN IN THE JFY-75 BUDGET AND THAT THE ISSUANCE OF GOVERNMENT SECURITIES WOULD BE UNAVOIDABLE. HE POINTED OUT THAT INDUSTRIAL PRODUCTION HAD SHOWN A RISING TREND SINCE

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MARCH THIS YEAR, BUT THAT INDIVIDUAL CONSUMPTION AND EQUIPMENT

INVESTMENT REMAINED STAGNANT. HE THEN OUTLINED THE FOURTH ECONOMIC STIMULATION PLAN WHICH, HE SAID, WOULD EXCEED THAT OF THE PREVIOUS THREE. HE EXPRESSED CONFIDENCE THAT THESE NEW MEASURES WOULD PUT ECONOMIC RECOVERY ON THE RIGHT TRACK AND PROMISED TO INTRODUCE A SUPPLEMENTARY BUDGET SHORTLY.

2. IN FOREIGN AFFAIRS, HE DESCRIBED THE HELSINKI DECLARATION AS A HISTORICAL RECONFIRMATION OF EUROPEAN RECONCILIATION. HE NOTED THAT THE SITUATION IN ASIA AND THE MIDDLE EAST WAS STILL FLUID, BUT THAT EAST/WEST RELATIONS WERE IMPROVING FROM THE COLD WAR PERIOD TOWARD DETENTE. HE SAID THAT FOR THE PURPOSE OF FUTURE WORLD STABILITY, THE MOST IMPORTANT PROBLEMS WERE HOW LDC'S AND DEVELOPED COUNTRIES COULD CARRY ON GENUINE DIALOGUE AND COOPERATION. HE NOTED THAT JAPAN INTENDED TO BEND ITS DIPLOMATIC EFFORTS TOWARD ECONOMIC AND TECHNICAL ASSISTANCE FOR THE LDC'S. HE POINTED OUT THE EFFECT JAPAN'S ECONOMIC RECOVERY WOULD HAVE ON LDC'S, ESPECIALLY THOSE IN SOUTHEAST ASIA, AND THE FAVORABLE EFFECT THAT JAPAN'S ECONOMIC COOPERATION WITH THESE COUNTRIES WOULD HAVE ON JAPAN'S ECONOMY.

3. REGARDING THE MIDDLE EAST CONFLICT, HE REPEATED THE GOJ'S ADHERENCE TO UN RESOLUTION 242, BUT SAID THAT IT WAS NOT SOMETHING THAT COULD BE ACCOMPLISHED IMMEDIATELY AND THEREFORE SECRETARY KISSINGER'S STEP-BY-STEP PROGRAM WAS VERY MEANINGFUL. HE SAID THAT THE SECOND TROOP DISENGAGEMENT, AS A RESULT OF PRESIDENT FORD'S AND SECRETARY KISSINGER'S EFFORT, WAS A MOST WELCOME EVENT, ESPECIALLY TO JAPAN WHICH HAS A VERY CLOSE RELATIONSHIP WITH THE MIDDLE EAST DUE TO THE PETROLEUM PROBLEM. HE SAID THAT ANOTHER CRUDE OIL PRICE RISE WOULD BE A VERY GREAT PROBLEM NOT ONLY IN JAPAN, WHICH IS JUST RECOVERING ITS ECONOMIC PROSPERITY, BUT ALSO FOR THE LDC'S WHICH ARE FACING SERIOUS PROBLEMS. DESPITE THE CLAIMS OF THE OIL PRODUCING COUNTRIES, IF AN OIL PRICE INCREASE WERE IMPLEMENTED, THE WORLD ECONOMY COULD NOT RECOVER FROM THE RECESSION. HE CALLED FOR A DELAY IN THE DECISION ON OIL PRICES UNTIL A CONCLUSION IS REACHED AT A MEETING OF OIL PRODUCERS AND CONSUMERS OR AT LEAST UNTIL IT APPEARS THAT THE WORLD ECONOMY IS RECOVERING FROM INFLATION.

4. REGARDING THE KOREAN PROBLEM, THE PRIME SAID THAT MERELY BECAUSE OF THE CHANGE IN VIETNAM HE WAS NOT EXPECTING A SUDDEN UNCLASSIFIED

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CHANGE IN KOREA, BUT HE COULD NOT DENY THE EXISTENCE OF A STRAINED SITUATION BETWEEN NORTH AND SOUTH KOREA. FOR THE STABILITY OF ASIA AND THE PACIFIC REGION, REDUCTION IN TENSIONS ON THE KOREAN PENINSULA IS IMPORTANT, HE AID. HE ADDED THAT THE COOPERATION OF THE RELATED COUNTRIES IS NEEDED FOR CREATING SUCH AN INTERNATIONAL ENVIRONMENT. HE SAID THE IMMEDIATE PROBLEM WAS TO MAINTAIN A SITUATION OF BALANCE BETWEEN NORTH AND SOUTH KOREA AND NOT TO CAUSE A SUDDEN CHANGE. FOR THIS PURPOSE, THE

CONTINUED PRESENCE OF AMERICAN FORCES IS NECESSARY. AT THE SAME TIME, HE SAID PROGRESS IN CONTACT, INTERCHANGE AND UNDERSTANDING BETWEEN THE NORTH AND SOUTH KOREA THEMSELVES FROM THE FOUNDATION OF STABILITY ON THE KOREAN PENINSULA AND HE HOPED THAT THIS WOULD TAKE PLACE. HE PROMISED TO PROMOTE THE CONTINUATION OF FRIENDLY RELATIONS WITH SOUTH KOREA AND REGARDING RELATIONS WITH NORTH KOREA, HE SAID THAT, THROUGH THE ACCUMULATION OF EXCHANGE OF PERSONS, TRADE AND CULTURE HE HOPED TO DEEPEN MUTUAL UNDERSTANDING

HE SAID THAT FOR THE PURPOSE OF STABILITY IN THE PACIFIC, US-JAPAN, JAPAN-CHINA AND JAPAN-USSR FRIENDLY RELATIONS WERE INDISPENSIBLE AND THAT THE MOSTIMPORTANT RELATIONS WERE US-JAPAN. HE SAID THAT THROUGH THE SUMMIT MEETING HE WAS ABLE TO ESTABLISH PERSONAL TRUST WITH PRESIDENT FORD WHICH WOULD FORM THE BASIS FOR DEPENDING FRIENDLY US-JAPAN RELATIONS. HE SAID THE VISIT OF THE EMPEROR WAS A HISTORICAL OCCASION WHICH WOULD RECONFIRM AND FURTHER PROMOTE THE FRIENDLY RELATIONS BETWEEN THE TWO COUNTRIES.

5. MIKI SAID THAT JAPAN-CHINA RELATIONS WERE PROCEEDING STEADILY AND THAT EVEN REGARDING THE JAPAN-CHINA PEACE TREATY, BOTH COUNTRIES WEREAGREED ON THE DESIRABILITY OF A QUICK CONCLUSION.

6. HE SAID HE WOULD MAKE EFFORTS FOR SETTLING THENORTHERN TERRITORIES PROBLEM AND CONCLUDE A PEACE TEATY WITH THE USSR.

7. MIKI TURNED NEXT TO THE KUALA LUMPUR INCIDENT AND SAID THAT ON THE BASIS OF RESPECT FOR HUMAN LIFE HE WAS PLEASED THAT THE HOSTAGES HAD BEEN FREED, BUT THAT IT WAS UNFORTUNATE THAT THE TERRORISTS HAD BEEN RELEASED. HE SAID HE WOULD TAKE VERY MEASURE NECESSARY TO PREVENT A RECURRENCE OF SUCH AN INCIDENT.
HODGSON

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